

Recurrence Prevention of Inappropriate Quality Conduct

We have formulated and are conducting specific measures based on the investigation report by the external investigation committee, disclosed on December 11, 2023. The latest progress is reported on Denka's website.

URL for our website: https://www.denka.co.jp/progress_of_group_measure_to_prevent_recurrence/general_information/

1. Actions to address issues identified in four areas

Approach from the management standpoint

Issue	Countermeasure
(1) Strengthening governance	<ul style="list-style-type: none"> ◎ Develop a supervisory system by the Board of Directors ◎ Strengthen internal control of group companies ◎ Continually issue messages and provide communication by management
(2) Improvement based on management strategy	<ul style="list-style-type: none"> ◎ Promote activities to create leeway and lower stress on the front lines ○ Adopt psychological safety and non-technical skill education
(3) Enhancement of company-wide systems	<ul style="list-style-type: none"> ◎ Clearly indicate quality compliance in internal rules ◎ Adopt 360-degree evaluation in the personnel system ○ Reflect in personnel evaluation system ◎ Promote use of whistle-blowing system

Strengthening quality assurance functions

Issue	Countermeasure
(1) Review of quality system	<ul style="list-style-type: none"> ◎ Review and strengthen quality assurance functions ○ Rebuild organization to ensure independence of plant quality assurance ◎ Review and establish policy, internal rules, and guidelines
(2) Review of quality assurance system	<ul style="list-style-type: none"> ◎ Strengthen function and role of quality assurance department ○ Strengthen management of quality-related documents ○ Improve and ensure commitment to design review and change management regulations
(3) Stricter management of certification standards	<ul style="list-style-type: none"> ◎ Take corrective action toward normalization ○ Address results of questionnaire surveys ○ Incorporate certification standard registration into ISO 9001 ○ Create database and centralize management ○ Review second comprehensive investigation ○ Comprehensive inspection of specifications
(4) Strengthening of auditing and supervision	<ul style="list-style-type: none"> ○ Consider development of new escalation process ○ Establish quality risk secretariat ○ Formulate plan for periodic questionnaire surveys

Strengthening quality foundations

Issue	Countermeasure
(1) Transmitting skills and reducing person dependency	<ul style="list-style-type: none"> ○ Establish procedures and records ○ Ensure data integrity (review inspection data management methods)
(2) Strengthening front lines	<ul style="list-style-type: none"> ◎ Establish a deliberative body covering all aspects of quality assurance ○ Improve process capability index and strengthen production management ○ Optimize personnel on front lines ○ Address imbalances between specs and process capabilities

Human resources strategy and development

Issue	Countermeasure
(1) Human resources strategy	<ul style="list-style-type: none"> ◎ Develop human resources for quality assurance and centralize management ○ Formulate human resources rotation standards
(2) Human resources development	<ul style="list-style-type: none"> ◎ Strengthen quality compliance education ○ Establish quality education program

Actions labeled with ◎ and ○ are planned for implementation. ◎ : Implementation starting from FY2024, ○ : Implementation starting from the end of FY2024

2. Status of specific initiatives

Approach from the management standpoint — Strengthening governance

Continually issue messages and provide communication by management

Due to quality irregularities and the fatal accident in the previous fiscal year, we are holding discussion meetings on safety and quality management whenever the President visits business sites. The objective is to raise the safety and quality awareness of each employee at each business site through direct dialogue with the responsible people on the front lines, and to foster a company culture with high psychological safety by sharing the issues confronting the front lines with top management and strengthening communication between levels.



Discussion meeting at the Omi Plant. Diverse opinions were exchanged on topics such as investments in DX

Human resources strategy and development — Human resources development

Strengthen quality compliance education

In order to strengthen quality compliance through education, we have distributed quality compliance education videos to employees. Going forward, we will review content, distribution methods, and quality education programs to ensure we reach employees at all levels within the group.

Bad News First(BNF)の心構え
Denka

Good Newsは聞く方は耳に心地よく、言う方は言いがたがる。反対に、Bad Newsは聞きたくない、言いたくない。これが重大問題を隠してしまう。Bad Newsこそ、いち早く伝えるべきである。

< 報告を受ける立場のみならず、BNF定着のためのポイント >

- 1.報告に感謝する
言いたくないことを言った報告者はびくびくしている。勇気をもって報告してくれたその行動に対して、「先ず感謝」しましょう。
- 2.怒ってはダメ
「なぜそんなことになるんだ、バカ野郎！」などと怒ってしまうと、勇気を出して話した報告者は二度とBad Newsを言わなくなる。
- 3.質問は歓迎
一番欲しいのは早さ。「Bad」な現象を認識したときに詳細まではわからないケースが多い。いきなり「あれはどうなんだ？これはどうなんだ？なぜそうなった？」と矢張り早に質問してしまうと、次からは想定質問内容を事前に調べてからの初報となり、一番大事な早さが損なわれる。
- 4.その後の指示はOK
初報を受けて、「ここにも伝えよ。ここも調べよ。」などの以降の指示はOK。
- 5.終りの言葉・・・「第二報が入ったから知らせて。」
この言葉で報告者は、もう少し詳しい情報を第二報として報告し、さらに詳しくは第三報で、となる。「全部わかったら知らせて。」といってしまうと、いつ報告が来るかわからない。

Example of instructional materials